

Milwaukee County Employees' Retirement System (ERS)

Audit Committee Meeting

MINUTES

Call to Order

Pension Board Member Keith Garland, called the meeting to order at 1:05 p.m. on June 2, 2011, in Commission Room 210, Milwaukee County Courthouse, 901 N. 9th Street, Milwaukee, Wisconsin.

Roll Call

Board Members Present:

Keith Garland

Others Present:

Gerald Schroeder Mark Grady
Marian Ninneman Steve Huff
Dale Yerkes Vivian Aikin
Wayne Morgan, Baker Tilley
Darlene Middleman, Baker Tilley

1. Topic: Baker / Tilly Audit Overview

Wayne Morgan and Darlene Middleman from Baker/Tilly presented drafts of the required audit communications which included the letter to the members of the ERS Pension Audit Committee and Comments on Internal Control and Related Accounting Matters. They stated that the audit did not deviate from the plan laid out in February, 2011.

The audit resulted in two recommendations but no material weaknesses. Testing deficiencies were within normal ranges. It was a smooth audit with a clean opinion. More access to V3 was given to the audit team this year enabling them to have easier access to the information needed for the audit.

Financial statements submitted were discussed and it was noted that these present fairly within standards; statements were within testing standards and they found no errors that likely led to material misstatements in the financial statements.

Mr. Morgan presented a work paper on key assumptions disclosed from seven other municipality pension plans with year's ending from December 2009 through June 2010. Milwaukee County ERS assumptions were compared with these plans. Overall assumptions do not appear to be unreasonable to a point where it would warrant audit procedures be performed outside the scope of standard requirements.

Gerry Schroeder will respond to the Recommendations.

One item of note brought up after Baker/Tilly team left was that securities lending is double from 2009. Dale with forward a question to Marquette Associates to let them know this will be one of the questions asked of BNY at the Pension Board meeting June 15, 2011.

2. Topic: Employee Contributions – Follow Up

Mr. Huff distributed drafts of two forms: Membership Account Beneficiary Designation, Consent to Membership Account Distribution or Retention at Termination of Employment. The Committee will review drafts of documents and provide feedback/questions to Mr. Huff.

There will be further discussion at the July 7, 2011, meeting along with review of the process for communicating “consent to distribute” contributions. Committee will consider the addition of adding a section to the ERS Enrollment form for a membership account beneficiary.

3. Topic: Retirement Handbook -- Discussion

Gerry Schroeder and Vivian Aikin presented the Retirement Handbook. Mr. Schroeder told the Committee the Handbook project began two years ago at the direction of the former Director of Employee Benefits. The Handbook was created, not as an SPD, but as a general information guide aimed to be understood at the 10th grade reading level. Because of the concern of recent court actions resulting from some of the detailed information provided by other plans, this item was brought to Committee for discussion.

The ERS view is that employees are entitled to know and understand their benefits. Employee knowledge will decrease walk-ins and phone calls and will give employees an education on their retirement benefits that can be used by them to make better informed decisions regarding their retirement. However, it must be kept in mind that if it is clear that the information is not comprehensive, there will be less reliance by the individual.

The Pension Board needs to make the decision regarding the risk exposure – Avoid all risk and do not distribute the handbook, avoid a little risk and create nine books detailing each union variation, or accept all the risk and publish the handbook as is. Thought needs to also be given to initial distribution and updating.

Mr. Huff reviewed the Handbook and provided feedback. This information will be taken into consideration as ERS staff reworks the document to include additional information on union differences. This may require nine different handbooks or a rewrite of the current draft to include all of the scenarios under which an employee could retire. ERS will update the Committee on progress.

4. Topic: Early Retirement & Age 64 -- Discussion

Currently, early retirement and the corresponding reduction in pension amount are defined in ordinance 4.2 Early Retirement, and 5.2 Early Pension. The focus of the discussion was whether anything in ordinance needed to be changed based on the adoption of the age 64 normal retirement date. This is a policy question with changes requiring a change to ordinance. Mark Grady will raise the issue with the Employee Benefits Workgroup. This will be discussed further at July meeting.

5. OBRA Update

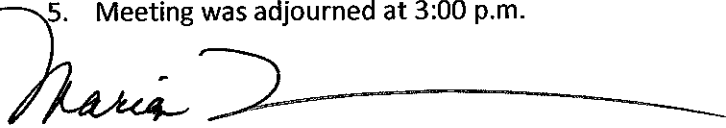
Gerald Schroeder provided update on OBRA payout project. IRS has given the go ahead to pay out members who have attained age 70-1/2 ERS OBRA team is meeting every two weeks and has the processing and tracking tools in place to begin project

Mr. Huff provided a draft RFI to be sent to financial organizations to hold funds for unfound members. Mr. Grady recommended RFI be mailed to list of organizations and posted in a media publication and on the County website.

6. Waivers – Clarification

ERS is responsible for reporting to the Pension Board on newly received waivers, maintaining a paper file and electronic record of all signed waivers and appropriately calculating benefits at retirement for members who have signed waivers. It was confirmed that the Executive Order requiring waivers ended when the then County Executive left office. The signed waivers, however, are in force and irrevocable. ERS confirmed that all waivers are scanned into the V3 pension system and paper copy added to individual's folder where they will remain. Mr. Grady indicated that ERS responsibility ended there. It is not ERS responsibility to do anything other than collect and store the waivers.

5. Meeting was adjourned at 3:00 p.m.

A handwritten signature in black ink, appearing to read "Marian", followed by a long, sweeping horizontal line that extends across the page.

Marian Ninneman
Interim ERS Manager